ERIC CANTOR
REPUBLICAN WHIP

Health Care Summit Rapid Response #7:
-- Democrats Assert Their Bill Will Reduce the Deficit --

Assertion 7 (3:38 p.m.):

Vice President Joe Biden began the afternoon session by re-focusing the meeting on deficit reduction. Both he, the president, and most recently, Rep. Xavier Becerra, have asserted that the Democrat proposals will reduce the deficit. And in the past, the president has declared that he "will not sign a plan that adds one dime to our deficits -- either now or in the future." *(Remarks by President Obama to a Joint Session of Congress, September 9, 2009)*

This afternoon, Budget Committee Ranking Member Paul Ryan walked through why the bill put forward by Democrats **FAILS** the president's deficit test. Below are key budget/deficit points made by Mr. Ryan, courtesy of the House Republican Budget Committee:

- CBO has told us they cannot yet estimate the president's plan because it lacks detail. But because it closely aligns with the Senate bill – let's unpack the Senate bill's CBO score…

- Senate Democrats claim credit for reducing the deficit by $131 billion over 10 years. That's less than just *this* month's deficit.

- This is the result of six years of spending, paid for by ten years of tax increases and Medicare cuts. **The true ten year cost when subsidies kick-in? $2.3 trillion.**

- The bill is full of gimmicks that more than erase the false claim of deficit reduction:
    - $52 billion of savings is claimed by counting increased Social Security payroll revenues. These dollars are already claimed for future Social Security beneficiaries, and claiming to offset the cost of this bill either means we're double-counting or we're not going to pay Social Security benefits.
    - $72 billion in savings is claimed from the CLASS Act – long-term care insurance. These so-called savings are not offsets, but rather premiums collected to pay for future benefits. Senate Budget Committee Chairman Kent Conrad has called these savings, "*A ponzi scheme that would make Bernie Madoff proud.*"

- Additionally, the nearly half-trillion dollars in Medicare cuts cannot be counted twice. Medicare is in dire need of reform in order to make certain that we can ensure health security for future seniors.

- Using Medicare as a piggy bank, it raids a half trillion dollars from retirees' health coverage to fund the creation of another open-ended health care entitlement.

Continued on the back ….

- The president's chief Medicare actuary says up to 20% of Medicare providers may go bankrupt or stop taking Medicare beneficiaries as a result. Millions of seniors who have chosen Medicare Advantage will lose the coverage they now enjoy.

- Objections to the policy aside, you cannot use these savings twice – to both extend the life of Medicare and to pay for other spending. The half-trillion dollars in Medicare cuts are either to extend the program's solvency or to reduce the cost of this deficit – but not both as its authors claim.

- When you strip away the double-counting of Medicare cuts, the so-called savings from Social Security payroll taxes and the CLASS Act, **<u>the deficit increases by $460 billion over first ten years – and $1.4 trillion over second ten years.</u>**

- Finally, one of the most expensive – and most cynical – of the gimmicks applies to Medicare physician payments, the so-called "Doc Fix."

- By the Administration's own estimate, the Doc Fix adds an additional **<u>$371 billion</u>** to the cost of health care reform. With the price tag beyond what most Americans could handle, the Majority decided to simply remove this costly provision and deal with it in a stand-alone bill.

- *Ignoring this additional cost does not remove it from the backs of taxpayers. Hiding spending doesn't reduce spending*.